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BUSINESS CONDITIONS

Vol. 6 No. 6

June, 1933

	ALEXANDER HAMILTON INSTITUTE	BABSON STATISTICAL ORGANIZATION	BROOKMIRE ECONOMIC SERVICE	THOMAS GIBSON	SILVERMASTER
GENERAL OUTLOOK	Despite improvement in April, automobile production only major indicator of business activity which did not show notable curtailment during first four months compared with same period year ago (June 3).	At no time since depression began has there been such focusing of upward forces—fundamental, technical, political (May 29). 1933 is time to borrow, buy or build (June 19).	Depression for time being receding; but not likely to be followed by period of prosperity like that of 1926-29. Lack of new outlets for large scale capital investment (June 12).	All ingredients are present which in past have been followed by great recovery movement (June 9).	In omic been great capi at p
MONEY AND CREDIT	Open market program undertaken now has apparently more chance of being effective in producing credit expansion than any program since beginning of depression (May 27).	Open market operations should encourage more liberal loaning policies on part of bankers (June 12).	Prolongation of emergency methods depriving country of sound banking and currency system (June 12).	Banks swiftly getting into position where they will have to add to earning assets; expansion in bank credit will definitely get under way during coming weeks (June 9).	Lo do U. S. in dolla 17).
SECURITY MARKETS	Bonds may be expected to conform more closely to movement of interest rates than they have for major part of depression; prices in some instances appear to be discounting future rather far ahead (June 8).	"Brain Trust" sponsored Morgan investigation and Securities Act to stimulate public to buy goods and tangibles instead of putting money into stocks and bonds (June 19).	Investor class benefits most by Government keeping out of business; close Governmental supervision not likely to be favorable to them (May 29).	Surveys indicate quite clearly that very surprising gains in corporate net earnings are currently taking place (June 9).	Di ence comm enced of b
PRODUCTION	Curtailment of automobile production gave warning that halt in current upswing of business may be impending; other indicators, however, fail to support automobile industry's hint of coming setback (June 10).	Volume of business continues to expand rapidly in steel industry; persistent activity in so-called light industries such as textiles and shoes; improvement in lumber industry continues at rapid rate (June 12).	Reasonable to expect continuation of recent trend to higher levels of general activity, at least for near future (June 19).	Steel operations now at highest rate since early 1931; electrical power output rising swiftly; textile industry extremely active (June 2).	Q mak them to c mor (Jun
DISTRIBUTION	Department store sales index rose from 55 in March to 68 in April—highest figure since last October; despite recovery in April, value of department store sales that month 9% smaller than April, 1932 (May 27).	Retail trade very likely to be affected by Industrial Recovery Act—prices, hours at which stores are to remain open and other regulations, will be largely local (June 19).	Carloadings for past few weeks running slightly higher than year ago (May 31). Unlikely that freight rates will soon be reduced (June 19).	General trade during usually dull Mid-Summer months will prove quite active in preparation for very large demand for goods in Fall (June 9).	Re exce of g cella
BUILDING	Building contracts increased in May for third consecutive month although below level of corresponding month year ago; gain in May over April contrary to usual seasonal tendency (June 10).	Real estate has hit bottom; brisk revival beginning to develop for moderate-sized, modern homes. Apartment houses and business property may tend to lag (June 12).	Heavy volume in building absent in recent progress of most other lines; some pickup shown in available data for May (May 31).	New construction contracts let in May again show gain over April, with further increase in significant residential figures (June 9).	W to b tions unf (Jun
AGRICULTURE	Improvement in demand for cotton during recent months and immediate future should result in smaller carryover at end of season than at beginning; volume will still be burdensome (May).	Agricultural revival is assured and no section of country is more in need of goods of all descriptions than farming regions (June 12).	Farm population declined sharply to 1927 and slightly for next 3 years but increased rapidly in 1930, 1931 and 1932. Drift back to farms tends to accentuate difficulty of curbing farm surpluses (June 8).	Season of year is now approaching when weather will be powerful day-to-day influence upon quoted prices of growing crops (June 9).	M has farm farm ally sider
COMMODITY PRICES	Increase in gold price of commodities averages 10.9 % compared with 36.2% gain in dollar prices; evidently more to price movement of recent months than actual inflation (June 17).	Washington program calls for higher commodity prices; machinery to accomplish this is all set up; further advances may be expected (June 5).	While volume of business may undergo further expansion, unlikely that prices can maintain current rate of advance (June 19).	Administration has unquestioned power to bring about much higher price level; every presumption is that it will do so (June 16).	Pr in de rapie sagg cont redu
FOREIGN TRADE AND CONDITIONS	Reichsbank proclaimed moratorium on transfers abroad of service payments on German private debts effective July 1 to remain in force until gold reserves restored (June 17).	Foreign trade figures point to increasing exports and decreasing imports (May 29).	Little seems likely to be accomplished at London that will benefit economic conditions unless agreement on war debts and tariffs can be negotiated and ratified (June 12).	Great change in sentiment has taken place in Europe; fear of war superseded by more optimistic planning for future (June 16).	W a pa (Jun
LABOR AND WAGES	Wage rates in April, 1933 were deflated to greater extent than prices (June 17).	Next broad movement in wage trends is upward; labor troubles definitely on increase (June 5).	Manufacturing employment in April showed decline of only 10% from same month last year, while payrolls were down 22% (May 31).	1,400,000 have left ranks of unemployed since March (June 9).	La nition lecti trial

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NS AND FORECASTS

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1933

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SILBERLING RESEARCH CORPORATION	CLEVELAND TRUST COMPANY	GUARANTY TRUST COMPANY	NATIONAL CITY BANK
<p>In past, recovery from economic depressions has frequently been facilitated by existence of great potential demands for capital which are not apparent at present (June 3).</p>	<p>Business revival once well under way thrives best on program characterized by minimum of interference; what country needs most just now is to be saved from its rescuers (June 15).</p>	<p>New laws indicate that relation of government to business has undergone fundamental change and that Administration has been given extraordinary degree of latitude in formulation of policies (May 29).</p>	<p>Paramount consideration now should be to carry forward readjustments which will improve balance in economic relationships and achieve new equilibrium (June).</p>
<p>London Conference will hardly do anything which would limit U. S. in performing experiment in deliberate depreciation of dollar in domestic trade (June 17).</p>	<p>Our paper money still has its old value when used to pay domestic debts, but abroad, dollar no longer has former prestige or old purchasing power (June 15).</p>	<p>Currency withdrawals from hoarding proceeded to point where abnormal circulation largely disappeared. Gold reserves of Federal Reserve banks stand highest total on record (May 29).</p>	<p>For present at least, efforts to raise prices are to be directed along line of credit rather than currency expansion (June).</p>
<p>Difficult to disentangle influence produced by prospect of commodity inflation from influence arising from tangible evidences of expansion in volume of business (June 3).</p>	<p>Disquieting to realize that price advances are not in main due to any genuine enhancement in true value of American securities in terms of gold (June 15).</p>	<p>Railroad and industrial stocks shared almost equally in aggregate gains from respective low points, while rise in public utilities perceptibly less marked (May 29).</p>	<p>Speculation has been active in rise and if situation has been misjudged, usual reaction will follow (June).</p>
<p>Questionable whether capital-making industries can save themselves merely by agreeing to divide very limited market more evenly among themselves (June 3).</p>	<p>Volume of industrial production increased sharply from March to April; preliminary figures indicate that figures for May will show another important gain (June 15).</p>	<p>Most basic industries, including steel, automobiles, bituminous coal, electric power, lumber, and branches of textile industry, have already risen above levels of 1932 (May 29).</p>	<p>Leadership of steel in upward movement gives it substance that has been lacking in false starts during past two years (June).</p>
<p>Railway loadings have been excellent due to large movement of grain, lumber, ore, and miscellaneous freight (June 17).</p>	<p>Fear of inflation caused widespread wave of buying which continues, resulting in increased wholesale and retail trade and heavier loadings of freight for railroads (June 15).</p>	<p>Railway freight loadings exceeded total for corresponding period of 1932; department-store sales increased in April by much more than usual seasonal amount (May 29).</p>	<p>Retail trade reports show improvement; chain store sales were close to year ago, having been substantially lower in preceding months (June).</p>
<p>While some building of houses to be anticipated in rural sections and small towns, cities face unfavorable construction trends (June 17).</p>	<p>Recovery does not now need additional stimulation of great public works financed by huge governmental deficits (June 15).</p>	<p>Restraint on real estate speculations would probably prove to be safeguard to banking comparable to restriction on speculation in commodities or securities (May 29).</p>	<p>Building figures for first 22 days of May approximately equalled figure for same period in 1932 (June).</p>
<p>Much of business boom so far has travelled on assumption that farm prices and buying-power of farm population can be materially raised and kept up for considerable time (June 17).</p>	<p>Advancing commodity prices have encouraged farmers because they have seen in them increased hope that they could meet interest and tax payments (June 15).</p>	<p>Most striking feature of rise in commodity prices is fact that, so far, it has affected chiefly prices of basic raw materials (May 29).</p>	<p>Prospect for farmer favorable; prices of farm products advanced sharply, relative to other prices, increasing farmers' purchasing power over other products (June).</p>
<p>Prices of basic raw materials in depreciated paper money rose rapidly during first half of May, sagged for short period, then continued rising selectively with reduced momentum (June 10).</p>	<p>Wholesale prices of nearly 800 commodities reached lowest levels in February—only 62% of 1929 averages; in May, they had advanced to 65% (June 15).</p>	<p>Aggregate advances in prices of some of most important domestic and international commodities considerably exceeded depreciation of dollar from its gold parity (May 29).</p>	<p>Disparities in prices of various commodities are still, despite improvements, major factors in preventing establishment of equilibrium (June).</p>
<p>We are moving rapidly along a path toward economic isolation (June 3).</p>	<p>Industrial activity of Italy rising since May, 1932; that of France since June; those of Germany and Belgium since July when English line turned up also (June 15).</p>	<p>Foreign-exchange restrictions in over 30 countries probably caused exporters more real concern in last three years than any other factor in export trade (May 29).</p>	<p>Extremities to which nations have been reduced forced them to see they cannot continue on present course; economic necessity driving home appreciation of common interest (June).</p>
<p>Labor given additional recognition in its efforts toward collective bargaining by the Industrial Recovery Bill (June 3).</p>		<p>Factory employment and payrolls increased last month, contrary to usual April trend; increases over March figures moderate (May 29).</p>	<p>Existing unemployment due to disordered conditions in trade rather than to an excess of productive capacity over normal consumption demands (June).</p>